

UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF FLORIDA  
ORLANDO DIVISION

In re:

Chapter 11

Case no. 6:13-bk-08466-CCJ

South Florida Sod, Inc.

Debtor.

**INTERIM ORDER GRANTING DEBTOR'S MOTION FOR  
AUTHORITY TO OBTAIN DEBTOR IN POSSESSION FINANCING  
FROM WAUCHULA STATE BANK, AND NOTICE OF FINAL HEARING**

This case came before the court at a hearing on September 5, 2013 to consider and act upon the Debtor's Motion (the "Motion") (Doc. no. 72) for Authority to Obtain Credit from Wauchula State Bank ("Wauchula"). The Court finds as follows:

1. On July 9, 2013 (the "Petition Date"), the Debtor filed its voluntary petition for relief under Chapter 11 of 11 U.S.C. §§ 101 *et seq.* The Debtor continues in possession of its property, and has been authorized to operate its business as a debtor-in-possession pursuant to 11 U.S.C. § 1108.

2. This Court has jurisdiction over this case and the Motion pursuant to 28 U.S.C. §§ 157(b) and 1334. Consideration of the Motion is a "core proceeding" as defined in 28 U.S.C. § 157(b)(2).

3. The Debtor does not have sufficient available sources of working capital and financing to carry on the operation of its business without the post-petition financing proposed in the Motion.

4. Because of the Debtor's current financial condition and its pre-petition financings, the Debtor is unable to obtain unsecured credit allowable under 11 U.S.C. § 503(b)(1) as an administrative expense. Financing on a post-petition basis is not otherwise

available without the Debtor: (i) granting, pursuant to 11 U.S.C. § 364(c)(1), claims having priority over any and all administrative expenses of the kind specified in 11 U.S.C. §§ 503(b) and 507(b) and (ii) securing, pursuant to 11 U.S.C. § 364(d), the proposed financing with first mortgage on the “Summer Office Property” and a second mortgage on the “McCall Ranch Property”

5. The proposed post-petition financing has been negotiated in good faith and at arm’s length between the Debtor and Wauchula, and any credit extended and loans made to the Debtor pursuant to the Term Sheet (in the form attached hereto as Exhibit A and as modified herein, and the promissory note(s), the loan agreement and the mortgage and security agreement and all documents and agreements executed in connection therewith, the (DIP Agreements”), shall be deemed to have been extended or made, as the case may be, in good faith as required by, and within the meaning of, 11 U.S.C. § 364(e).

6. Appropriate notice of the Motion, the financing proposed in the Term Sheet, and the hearing thereon was provided to parties in interest.

Based upon the foregoing findings and conclusions, and for the reasons stated and recorded in open court, it is

ORDERED:

1. The Motion is granted. The Debtor is authorized on an interim basis to borrow from Wauchula, in an amount not to exceed \$100,000, and this borrowing is deemed an administrative expense priority.

2. The Debtor is authorized to execute the promissory note(s), the loan agreement, and the mortgage and security agreement and all documents and agreements executed in connection therewith, (the “DIP Agreements”), perform its obligations under

this Interim Order and the DIP Agreements, and obtain credit and incur debt on the terms and conditions in the DIP Agreements and this Interim Order; *provided, however*, that pending a final hearing or further interim hearing on the Motion, the amount of the lending is approved on an interim basis and the Debtor is authorized to borrow through October 17, 2013 in accordance with the Budget attached as Exhibit B.

3. All objections of parties in interest, raised at the hearing or otherwise, with respect to the interim financing are overruled in their entirety; however any and all objections to final financing under the DIP Agreements are hereby preserved and may be raised by any party in interest at any future interim or final hearing on financing under the DIP Agreements.

4. As security for the obligations arising from this Interim Order, Wauchula shall have and hereby is granted (effective upon the date of this Interim Order and without the necessity of the execution by the Debtor of mortgages, security agreements, pledge agreements, financing statements, or otherwise), valid, binding, enforceable, and perfected (i) a second mortgage on the property known as the "McCall Ranch" located in Sarasota County, Florida, junior only to that of Orange Hammock Ranch, LLC; and (ii) a first mortgage lien on the property known as "Summer Office," located in Michigan. The mortgage attached as Exhibit B to the motion that was recorded post-petition in error on the Summer Office Property is hereby ratified.

5. The Debtor is authorized to perform all acts, and execute and comply with the terms of such other documents, instruments and agreements, in addition to the DIP Agreements, as Lender may reasonably require, as evidence of and for the protection of any amounts loaned to the Debtor pursuant to the DIP Agreements or which otherwise may be

deemed reasonably necessary by Lender to effectuate the terms and conditions of this Interim Order and the DIP Agreements. Having been found to be extending credit and making loans to the Debtor in good faith, Lender shall be entitled to the full protection of 11 U.S.C. § 364(e) with respect to the obligations under this Interim Order and the DIP Agreements and liens created or authorized by this Interim Order or the DIP Agreements in the event that this Interim Order or any authorization contained herein is stayed, vacated, reversed or modified on appeal. Any stay, vacation, reversal, or modification of this Interim Order shall not affect the validity of any obligation of the Debtor to Lender incurred pursuant to this Interim Order or the DIP Agreements.

6. A further hearing on the Motion will be held before this Court on October 17, 2013 at 1:30 p.m.

DONE and ORDERED at Orlando, Florida, on Sept. 18, 2013.

  
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Cynthia C. Jackson  
United States Bankruptcy Judge

Attorney, Frank M. Wolff, is directed to serve a copy of this order on interested parties and file a proof of service within 3 days of the entry of the order



**Wauchula  
State Bank**

Established 1929

August 22, 2013

South Florida Sod, Inc.  
Wiley T. McCall  
Nancy McCall  
4366 E. Kinsey Rd.  
Avon Park, Fl. 33825

Re: Debtor-in-Possession (DIP) financing

Dear Mr. & Mrs. McCall;

Wauchula State Bank (Bank) has reviewed your request for DIP financing.

We can offer you the following terms and conditions for this request:

1. Line of credit loan not to exceed 25% of the appraised value of the Burnt Island, Michigan property at 10% fixed interest with 3 points at inception and interest payable quarterly. The loan amount will be \$220,000.00. Loan secured by first real estate mortgage on Burnt Island property along with a second mortgage given to further secure on the Toledo Blade/I-75 property in Sarasota Co. Fl. The order approving this debtor-in-possession loan is to provide that Wauchula State Bank is granted administrative expense priority for all amounts advanced, the interest accrued thereon, and any charges incurred under this credit facility. LOC Loan all due at confirmation of the Chapter 11 reorganization plan, or upon the sale of the I75 property. Term not to exceed 18 months.

2. Draws – terms and conditions to be determined by Bank.

3. Subject to:

Receipt of Certified Appraisal of acceptable quality.

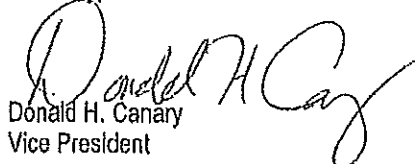
Timely payment of real estate taxes on Burnt Island property for 2013 and all ensuing years during the term of this credit facility.

Hazard Insurance with loss payee clause to Wauchula State Bank.

Address all flood certification issues.

This offer is contingent upon the approval of the bankruptcy court. If there are additional restrictions or requirements imposed by the bankruptcy court, this offer of financing will be reconsidered by the Bank prior to its final approval. Should you have any questions, please have your counsel call Patti W. Halloran Esq., Gibbons, Neuman, Bello, Segall, Allen & Halloran, P. A. 813-877-9222 our representative for your Chapter 11.

Sincerely,

  
Donald H. Canary  
Vice President

[www.wauchulastatebank.com](http://www.wauchulastatebank.com)

106 East Main Street • P. O. Box 248 • Wauchula, Florida 33873  
Phone: (863) 773-4151 • Fax: (863) 773-0419

Exhibit A

BEGINNING CASH BALANCE		SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
		\$ 9,672	\$ -	\$ -	\$ -	
RECEIPTS						
Stump Payment		57,000	76,000	76,000	76,000	4 loads/wk week 1&2 in Sept, go to 8 loads/wk bal of Sept & all of Oct & Nov
Hay Sales		91,980	-	-	-	Per cash flow schedule
Rental Income		1,200	1,200	1,200	1,200	Lake Shipp
Total Income		150,180	77,200	77,200	77,200	
OPERATING EXPENDITURES						
Payroll		40,000	40,000	40,000	40,000	Based on Aug of \$44,000 for 5 wks=\$8800/wk. some weeks could be higher
Fuel		15,000	15,000	15,000	15,000	Based on Aug expenditure
Hauling		24,000	32,000	32,000	32,000	\$40/ld x 25 tons/ld x number of loads as per income line
Utilities		6,000	6,000	6,000	6,000	Based on August
Hayfield Planting-Farm 1		35,880	-	-	-	Per Farm 1 cash flow schedule
Hayfield Maintenance-Farm 2		8,048	-	-	-	Per Farm 2 cash flow schedule
Hayfield Planting-Zolfo Springs		22,240	-	-	-	
Equipment Lease		9,243	9,243	9,243	9,243	Volvo-5,242, tractor-4000- Wiley ck tractor lease length
Telephone/Internet		3,500	3,500	3,500	3,500	
Repairs & Maintenance		6,000	6,000	6,000	6,000	Increased over Aug for increase stumping and hay operations
Office Supplies		500	500	500	500	
Insurance-Operating		549	12,549	5,880	5,880	Renewal est at 60k. 20% down 9 monthly payments of balance
Insurance-Medical		615	615	615	615	
Contract Services		6,500	6,500	6,500	6,500	\$1500/wk
Security		400	400	400	400	
Tax return preparation				9,000		
Truck payment		731	731	731	731	
Outside Services		5,000	5,000	5,000	5,000	Road service calls, outside repairs
US Trustee fees				4,875		
Miscellaneous		100	100	100	100	
Dues and Subscriptions		125	125	125	125	
Total		184,431	138,263	145,469	131,594	
NET OPERATING RECEIPTS (DISBURSMENT)						
		(34,251)	(61,063)	(68,269)	(54,394)	(1) Bank Loan
ENDING CASH POSITION						
		(24,579)	(61,063)	(68,269)	(54,394)	Gross Loan 220,000
BEGINNING BANK LOAN AVAILABLE(1)		205,900	181,321	120,258	51,989	Point rate 0.03
DEFICIT COVERED		(24,579)	(61,063)	(68,269)	(54,394)	Point Dollars 6,600
						Dempsey retainer 7,500
REMAINING BANK LOAN AVAILABLE		181,321	120,258	51,989	(2,405)	Net Cash Available 205,900